



Agenda Date: 3/29/00
Agenda Item: 7A-1--A-4

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center
Newark, NJ 07102

CABLE TELEVISION

ORDER ADOPTING INITIAL DECISION

IN THE MATTER OF THE FILING BY)	BPU DOCKET NO. CR98111198
CABLEVISION OF BAYONNE FOR)	OAK DOCKET NO. CTV 11723-98
APPROVAL OF FCC FORM 1240 FOR)	
ANNUAL UPDATING OF MAXIMUM)	
RATES FOR REGULATED CABLE)	
SERVICES)	
IN THE MATTER OF THE FILING BY)	BPU DOCKET NO. CR98111199
CABLEVISION OF BERGEN FOR)	OAL DOCKET NO. CTV-11722-98
APPROVAL OF FCC FORM 1240 FOR)	
ANNUAL UPDATING OF MAXIMUM)	
PERMITTED RATE FOR REGULATED)	
CABLE SERVICES)	
IN THE MATTER OF FILINGS FOR)	BPU DOCKET NO. CR98111197
CABLEVISION OF NEWARK)	OAL DOCKET NO. CTV 11724-98
FOR APPROVAL OF FCC FORM)	
1240 FOR ANNUAL UPDATING OF)	
MAXIMUM PERMITTED RATES FOR)	
REGULATED CABLE SERVICES)	
IN THE MATTER OF THE FILING BY)	BPU DOCKET NO. CR98111190
CABLEVISION SYSTEMS)	OAL DOCKET NO. CTV 11721-98
CORPORATION (AGGREGATE))	
FOR APPROVAL OF FCC FORM 1205)	
TO DETERMINE REGULATED)	
EQUIPMENT AND INSTALLATION COST)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

On November 1, 1998, Cablevision Systems Corporation ("Cablevision") filed FCC Forms 1240 with the Board of Public Utilities ("Board") for its New Jersey subsidiaries operating in Bayonne, Bergen, and Newark together with an aggregate Form 1205 for its Bayonne, Bergen, Newark,

Hudson and Monmouth systems for the purpose of adjusting maximum permitted rates for basic service and determining regulated equipment and installation costs

The Board is the local franchising authority in New Jersey and is certified to regulate basic service rates and associated equipment and installation charges of cable television operators providing service within the State.

FCC Form 1205 is a rate form used by cable operators to update their regulated rates for equipment, such as converters and remotes, and customer installations. Under the revised benchmark rules which apply to operators beginning May 15, 1994, Second Order on Reconsideration, Fourth Report and Order, and Fifth Notice of Proposed Rulemaking, MM Docket No, 92-266, FCC 94-38, ("Second Order on Reconsideration"), cable operators are required to justify their rates for cable installations and lease of equipment through an annual filing of a new Form 1205 with the franchising authority. Form 1205 is used to determine whether the rates established by the operator are reasonable based on an examination of the operator's costs for the prior year.

Under the FCC's Form 1205 methodology, the charges established for equipment leases and customer installations are based on the prior year's actual cost. Equipment rates are derived from the total capital and maintenance costs per unit of equipment, and installation rates are derived from a calculation of an hourly service charge ("HSC") and an application of that charge to different types of installations.

FCC Form 1210, is used by cable operators to update their rates for regulated basic and cable programming services ("CPS") tiers on a quarterly basis pursuant to the FCC's revised benchmark rules, Second Order on Reconsideration. In that Order, the FCC also established a "going-forward" mechanism to govern future rate adjustments resulting from channel changes, external costs and inflation adjustments.

To ease the administrative burdens associated with filing rate adjustments quarterly, on September 15, 1995, the FCC developed Form 1240 as an optional annual rate adjustment methodology. While use of Form 1210 involves a review of past costs, the Form 1240 approach includes a projection of costs for the coming year with reconciliation at the end of the year to account for over and under estimates when compared to actual costs for the same period.

Cable operators who choose the Form 1240 methodology can adjust their rates once per year to reflect quantified changes in external costs, inflation and the number of regulated channels that are projected for the 12 months following the rate change.

The Board is the local franchising authority in New Jersey and is certified to regulate basic service rates and associated equipment and installation charges.

On November 16, 1998, as provided by the New Jersey Administrative Procedures Act N.J.S.A. 52:14 B-1 et seq. and N.J.S.A. 52:14 F-1 et seq. the above filings were transmitted to the Office of Administrative Law (OAL) for hearing and initial disposition.

On March 8 1999, a pre-hearing conference was held for these filings and attended by Cablevision, the Division of Ratepayer Advocate ("Advocate") and the Office of Cable Television ("Office") (collectively, the "Parties"), and a plenary hearing was set for June 28, 1999.

On June 10, 1999 the Parties commenced settlement discussions, and the plenary hearing scheduled for June 28, 1999 was adjourned to allow the Parties additional time to explore avenues for settlement.

On December 9, 1999, after extensive discovery and subsequent negotiations the Parties reached agreement on the proposed rates and executed two (2) Stipulations to memorialize their agreement. The Stipulations, one addressing basic rates and the other equipment and installation rates, were subsequently filed with Administrative Law Judge (ALJ) Judge William Gural.

On December 30, 1999, ALJ Gural issued his Initial Decision approving the settlement agreement made by the Parties.

Under the terms of the Stipulation entered into by the Parties and adopted as part of the Initial Decision recommendation by ALJ Gural, the rates as filed by Cablevision are modified as follows:

1. Cablevision of Bayonne's basic service maximum permitted rate adjustments which went into effect on February 1, 1999 are deemed reasonable and result in a decrease in the basic rate from \$10.38 to \$9.71 exclusive of franchise fees, or a net decrease of \$.67 per month.
2. Cablevision of Bergen's basic service maximum permitted rate adjustments which went into effect on February 1, 1999 are deemed reasonable and result in a decrease in the basic rate from \$11.49 to \$11.16 exclusive of franchise fees, or a net decrease of \$.33 per month.
3. Cablevision of Newark's basic service maximum permitted rate adjustments which went into effect on February 1, 1999 are deemed reasonable and result in an increase in the basic rate from \$6.92 to \$7.49 exclusive of franchise fees, or a net increase of \$.57 per month.
Cablevision will submit a revised Form 1240 for its Newark system to reflect a reduction in the amount of franchise-related costs set forth on line 707 of Worksheet 7 from \$250,000 to \$150,000 and the amount of external costs claimed in Modules F and I shall be adjusted to reflect this reduction.
Cablevision of Newark will also adjust the starting rate on Line A1 of its next FCC Form 1240 filing covering the period of February 1, 2000 through January 31, 2001 to reflect a rate of \$7.03 (plus the \$.04 FCC regulatory fee).

Beginning on February 1, 2000, Cablevision of Newark will separately itemize on its customer's bills the amount of the basic service tier charge attributable to franchise related costs incurred by the system (such as the cost to support public, educational and governmental (PEG) access programming, local origination and I-Nets).

4. The permissible rate for installation of unwired homes for the period of February 1, 1999 through January 31, 2000 shall be \$44.62, and Cablevision will refund, by way of credit on eligible subscriber bills, any overcharges, plus interest, resulting from charging in excess of \$44.62 for the installation of unwired homes during the period of February 1, 1999 through January 31, 2000.

Any subscriber of record as of the effective date of the implementation of the refund who had been charged an unwired home installation rate in excess of \$44.62 during the period of February 1, 1999 through January 31, 2000 will receive a pro-rata portion of the total refund, identified as "BPU Refund" on subscribers' bills.

All other rates set forth in the aggregate For 1205 filings submitted on November 1, 1998 and implemented on February 1, 1999 by Cablevision in the Bayonne, Bergen, Hudson, Newark and Monmouth systems are deemed reasonable and will remain in effect until January 31, 2000.

Cablevision notified its customers of rate changes by way of newspaper announcements informing them of their opportunity to submit written comments to the Board for a period of twenty days (20) in various newspapers of circulation within the communities served by its Bayonne, Bergen, Newark, Hudson and Monmouth systems commencing on November 8, November 9, and November 17, 1999. No comments on Cablevision's proposal were received.

In addition, there are no CPS rate complaints pending at the FCC for any of these systems. On March 31, 1999, the FCC's authority to regulate CPS ceased pursuant to the federal Telecommunications Act of 1996.

After review, the Board FINDS that the terms of the Stipulations are fair and reasonable, not contrary to the public interest and in accordance with the law. Therefore, the Board HEREBY ADOPTS the Initial Decision and Stipulations (attached hereto) in their entirety, incorporating by reference the terms thereof into final decision, as if fully set forth at length herein. The Board also HEREBY APPROVES the agreement of the parties relating to adjustments made to basic service rates as detailed in the Settlement.

The Board HEREBY ORDERS that Cablevision shall submit a certified refund liability statement within fifteen (15) days of the date of this Order which shall at a minimum include, but not be limited to, the following items by system: (a) the number of unwired home installations performed during the period of February 1, 1999 through January 31, 2000; (b) the amount charged for such installations that exceeded a rate of \$44.62; (c) the number of subscribers of record as of the effective date of the implementation of the refund who had been charged an unwired home installation rate in excess of \$44.62 during the period of February 1, 1999 through January 31, 2000; (d) a calculation of interest using the applicable FCC published rate of interest from the date of the charge through the date of refund; (e) the total refund amount both pre and post interest; and (f) the per-subscriber refund amount.

The Board, also HEREBY ORDERS that Cablevision shall issue refunds due its subscribers pursuant to the Stipulations within sixty (60) days of the date of this Order, or thirty (30) days of approval of its refund liability statement by the Office, whichever is later, and that Cablevision shall inform subscribers of the reason for the refunds. Said refunds shall be denominated "BPU Refund" on subscribers' bills.

Cablevision, within ten (10) days of the payment of the refunds to subscribers, is HEREBY DIRECTED to notify the Board, in writing, of the date(s) the refunds were paid and the amounts refunded. The Board FURTHER ORDERS that Cablevision, within ten (10) days of effectuating the entire refund to its subscribers, certify in writing to the Office of Cable Television that the refunds have been completed.

DATED: March 29, 2000

BOARD OF PUBLIC UTILITIES
BY:

(signed)

HERBERT H. TATE
PRESIDENT

ATTEST:

(signed)

(signed)

CARMEN J. ARMENTI
COMMISSIONER

EDWARD BESLOW
ACTING SECRETARY

(signed)

FREDERICK F. BUTLER
COMMISSIONER

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